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301402Z Jan 04

UNCLAS ZAGREB 000185

SIPDIS

SENSITIVE

STATE FOR EB/ES/TSP, IO/PHO AND L/EB

E.O. 12958: N/A

TAGS: [EFIN](#) [PREL](#) [IZ](#) [HR](#)

SUBJECT: COURT ORDERS TRANSFER OF IRAQ NATION BANK FUNDS TO
DEVELOPMENT FUND FOR IRAQ

REF: A. 03 ZAGREB 2408

[1](#)B. 03 STATE 291321

SENSITIVE BUT UNCLASSIFIED -- PLEASE HANDLE ACCORDINGLY.

[1](#)1. (U) THE COUNTY COURT OF ZAGREB SENT THE EMBASSY A COPY OF ITS DECISION, DATED JANUARY 27, ORDERING THE TRANSFER OF FUNDS FROM THE ACCOUNT OF THE CENTRAL BANK OF IRAQ IN PRIVREDNA BANKA ZAGREB TO THE DEVELOPMENT FUND FOR IRAQ. ACCORDING TO THE RESOLUTION, THE FUNDS ARE TO BE TRANSFERRED VIA FEDWIRE TYPE CODE 15 THROUGH FRBNY (PRESUMABLY FEDERAL RESERVE BANK, NEW YORK) ABA ROUTING NUMBER 0210-8677-3 IRAQ DEVELOPMENT FD.

[1](#)2. (SBU) WHILE WE HAD BEEN ASSURED IN NOVEMBER BY THE MINISTRY OF FOREIGN AFFAIRS AND THE FINANCIAL INTELLIGENCE UNIT WITHIN THE MINISTRY OF FINANCE THAT A REQUEST TO THE COURT TO TRANSFER THE FUNDS WOULD BE COMPLETED "WITHIN A WEEK OR SO," IT APPEARS THAT THE STATE ATTORNEY'S OFFICE DID NOT WRITE TO THE COURT UNTIL JANUARY. ONCE AGAIN THE MINISTRY OF FOREIGN AFFAIRS HAD TO DRAFT A LEGAL OPINION ESTABLISHING THE BASIS FOR THE SEIZURE AND TRANSFER OF FUNDS. THE MFA ARGUED THAT, SINCE CROATIA WAS A SIGNATORY TO THE UN CHARTER AND CROATIA'S CONSTITUTION STATES THAT INTERNATIONAL AGREEMENTS BECOME LAW UPON CROATIA'S RATIFICATION OF THOSE AGREEMENTS, A UNSC RESOLUTION HAS THE FORCE OF LAW IN CROATIA. THIS IS THE ARGUMENT THAT WAS SUCCESSFULLY USED TO FREEZE TERRORIST-RELATED ASSETS LAST YEAR. OUR CONTACTS TELL US THAT WHEN CERTAIN AMENDMENTS TO CURRENT LAW ARE ADOPTED WHICH EXPLICITLY STATE THAT UN RESOLUTIONS BECOME DOMESTIC LAW, THE ASSET SEIZURE PROCESS SHOULD BECOME SIMPLER AND FASTER.
FRANK

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